

(August 1986)

NONCOAL

State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
3 Triad Center, Suite 350
355 West North Temple
Salt Lake City, Utah 84180-1203
(801) 538-5340

SELF BONDING AND INDEMNITY AGREEMENT

This Self Bonding and Indemnity Agreement (~~hereinafter referred to as "Agreement"~~^{is}) entered into by Georgia-Pacific Corporation ^{and between ("operator")} and the State of Utah, Department of Natural Resources, Board of Oil, Gas and Mining (~~hereinafter referred to as "Board"~~).

WITNESSETH

WHEREAS, the Operator has obtained Permit No. M/041/009 from the Division of Oil, Gas and Mining ^("Division") to operate the G-P SIGURD Mine in Sevier County, Utah as a(n) Gypsum mine under the Mined Land Reclamation Act, Utah Code Annotated, 40-8-1 et seq, 1953, as amended ("Act") and implementing ^{rules} regulations; on the premises specifically described in EXHIBIT A; and

WHEREAS, the Operator wishes to obtain a ^{self} bond to operate ^{the} a(n) G-P SIGURD mine under Permit No. M/041/009 under 40-8-14(3); and

WHEREAS, The Operator has designated C.T. Corporation System, 170 South Main, Salt Lake City, Utah 84111

(Name, Title, Address)

as its agent for Service of Process in the state of Utah, and

WHEREAS, the operator has been in continuous operation as a business entity for the last five years; and

WHEREAS, the Operator meets financial criteria for self bonding (as shown in the attached financial sheet); and

WHEREAS, the Operator has submitted to the Division of ~~Oil, Gas and Mining~~ and Board of ~~Oil, Gas and Mining~~ financial statements which are accompanied by an audit opinion prepared by

ARTHUR ANDERSEN & CO. (~~Accountant's Name~~) *which indicates compliance with the self bonding criteria.*

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the Operator does hereby agree to be held and bonds to the Board for the sum of \$122,100 for the timely performance of reclamation responsibilities for ^{the} G-P SIGURD Mine, Permit No. M/041/009 in lawful money of the United States. By the submission of this Agreement, the Operator will and truly binds itself, its successors and assigns, jointly and severally, by these presents.

The conditions of the above obligations are such that:

1. The Operator shall perform all duties and fulfill all requirements applicable to reclamation as set forth in the Act, the ^{rules} regulations adopted pursuant to the ^{Act} ACT and the

the conditions of the permit to conduct Gypsum mining operations, Permit No. M/041/009 issued by the Division.

2. The liability under the Agreement is conditioned upon successful reclamation of the permit area as provided in the reclamation plan for Permit No. M/041/009 for ^{the} a period of time and in the manner specified in the Act, ^{rules} regulations adopted pursuant thereto, and the conditions set forth in Permit No. M/041/009 issued by the Division. At no time shall ~~the~~ ^T liability or responsibility of the Operator hereunder exceed ^{is} the sum of \$122,100. Provided, however, that the Board may adjust the amount of liability hereunder as provided in Section 6 hereof.
3. Georgia-Pacific Corporation does hereby agree to indemnify and hold the Board harmless from any claim, demand, liability costs, charge or suit brought by a third party, as a result of the Operator's failure to abide by the terms and conditions of the Reclamation Plan as set forth in the mining Permit No. M/041/009 and from any failure to comply with the terms of the Agreement.
4. The Board shall give the Operator, or its designated agent herein, notice of any claim and any legal proceedings within the scope of the indemnity set forth at Section 3.

5. Upon successful completion of part or all of the obligations secured hereby, the Operator may petition the Board for a final release of part or all of the obligations under this Agreement. Upon such petition, the Division of Oil, Gas and Mining shall conduct an inspection to ascertain whether duties and obligations of the Operator under the Act, regulations adopted pursuant thereto and Permit No. M/041/009 have been fulfilled. If such duties and obligations have been fulfilled, the Board shall release the Operator from part or all of its obligations under this Agreement and shall file a notice of such release in the property records of Sevier County, Utah.
6. This Agreement shall be reviewed periodically by the Division of Oil, Gas and Mining, or reviewed upon petition by the Operator in accordance with the Act and implementing ^{rules} regulations and the amount of liability under this Agreement may be adjusted if the Division determines that the cost of future reclamation has materially changed.
7. This Agreement may be terminated upon ¹²⁰~~90~~ days prior written notice to the Board if terminated by the Operator or upon ²⁰~~90~~ days prior written notice to the Operator if terminated by the Board.


Upon such written notification, the Operator will have 90 days to obtain an alternate form of bond satisfactory to the Division to secure reclamation obligations for Permit No. M/041/009 in the same amount as stated herein and amendments thereto.

8. Failure to provide a satisfactory alternative form of bond will result in the ^{DIVISION ORDERING A} complete cessation of all mining operations and the complete reclamation of all disturbed areas within the G-P SIGURD Mine permit area.
9. Failure to comply with the provisions of this agreement ^{on any Division Order issued pursuant to Para. 8 of this Agreement} ~~will~~ ^{may} result in the commencement of civil action to enjoin continued operation at the G.P. SIGURD Mine and to ensure initiation and completion of complete reclamation of the affected site in accordance with the approved plan.
10. This agreement will be governed and interpreted according to Utah law.

SO AGREED this 5 day of May, 1988.

COMPANY NAME

May 5, 1988
Date

By  ²²
Donald L. Glass Vice President-
Gypsum and Roofing Division

May 5, 1988
Date

By 
Assistant Treasurer

Chairman
Board of Oil, Gas and Mining

Date

By _____
Gregory P. Williams

APPROVED AS TO FORM:

Assistant Attorney General

STATE OF GEORGIA)
COUNTY OF FULTON) ss:

On the 5th day of May, 1988, personally appeared
before me Donald L. Glass and Don W. Lindstedt who
being by me duly sworn did say that he/~~she~~, the said Donald L. Glass
_____ is the Vice President - Gypsum and~~of~~ Roofing Division
of Georgia-Pacific Corporation and said Don W. Lindstedt is
the Assistant Treasurer of Georgia-Pacific Corporation
and said instrument was signed in behalf of said corporation by
authority of its bylaws or a resolution of its board of directors
and said Donald L. Glass and Don W. Lindstedt duly
acknowledged to me that said corporation executed the same.

Judy Ann Flynn
Notary Public
Residing at: Sonesboro, GA

My Commission Expires:

Notary Public, Clayton County, Georgia
My Commission Expires Mar. 10, 1992

STATE OF _____)
COUNTY OF _____) ss:

On the ____ day of _____, 198__, personally appeared before me Gregory P. Williams, Esq., who being by me duly sworn did say for him, that he, the said Gregory P. Williams is the Chairman of the Board of Oil, Gas and Mining, Department of Natural Resources, state of Utah, and he duly acknowledged to me that said Board executed the foregoing document by authority of law on behalf of the state of Utah.

Notary Public
Residing at: _____

My Commission Expires:

EXHIBIT A

Legal Description of Affected Land Georgia Pacific Gypsum Quarries M/041/009

Quarry Areas

<u>Claim Name</u>	<u>Legal Description</u>	<u>Acres Affected</u>
Western 40 & 41	SW4, Sec. 7, T23S, R1W	6.7
King's Meadow	SW4, Sec. 8, T23S, R1W	3.7
Western Claims (So.)	E2, Sec. 5, T23S, R1W	6.7
Western Claims (No.)	SW4, Sec. 22, T22S, R1W	.9
Crescent Claims	NW4, Sec. 13, T22S, R1W	
	W3/4, Sec. 12, T22S, R1W	31.7
Total Quarry Acres Affected		49.7

Mine Roads

An additional ten acres of mine roads in the following sections are included in the affected area:

Sections 5, 6, 7, and 8, Township 23 South, Range 1 West
Sections 11, 12, 21, 28, 31, and 32, Township 22 South, Range 1 West

Reference Maps

Please refer to the following maps in the Notice of Intention and Mining and Reclamation Plan (File No. M/041/009), Updated August 24, 1987 for additional details pertaining to location of the areas to be mined and reclaimed:

Exhibit "B", Sigurd Area Gypsum Properties, Drg: D-46-M-296
Exhibit "C", Plan of Crescent Claims, Drg: S-46-M-291
Exhibit "E", Plan of No. Area - Western Claims, DRG: 5-46M-293
Exhibit "F", Plan of So. Area - Western Claims, DRG: 5-46M-294
Exhibit "G", Plan of King's Meadow Claims, DRG: D-46-M-295
Exhibit "I", Plan of South Quarry Areas, Dated 10-24-87